

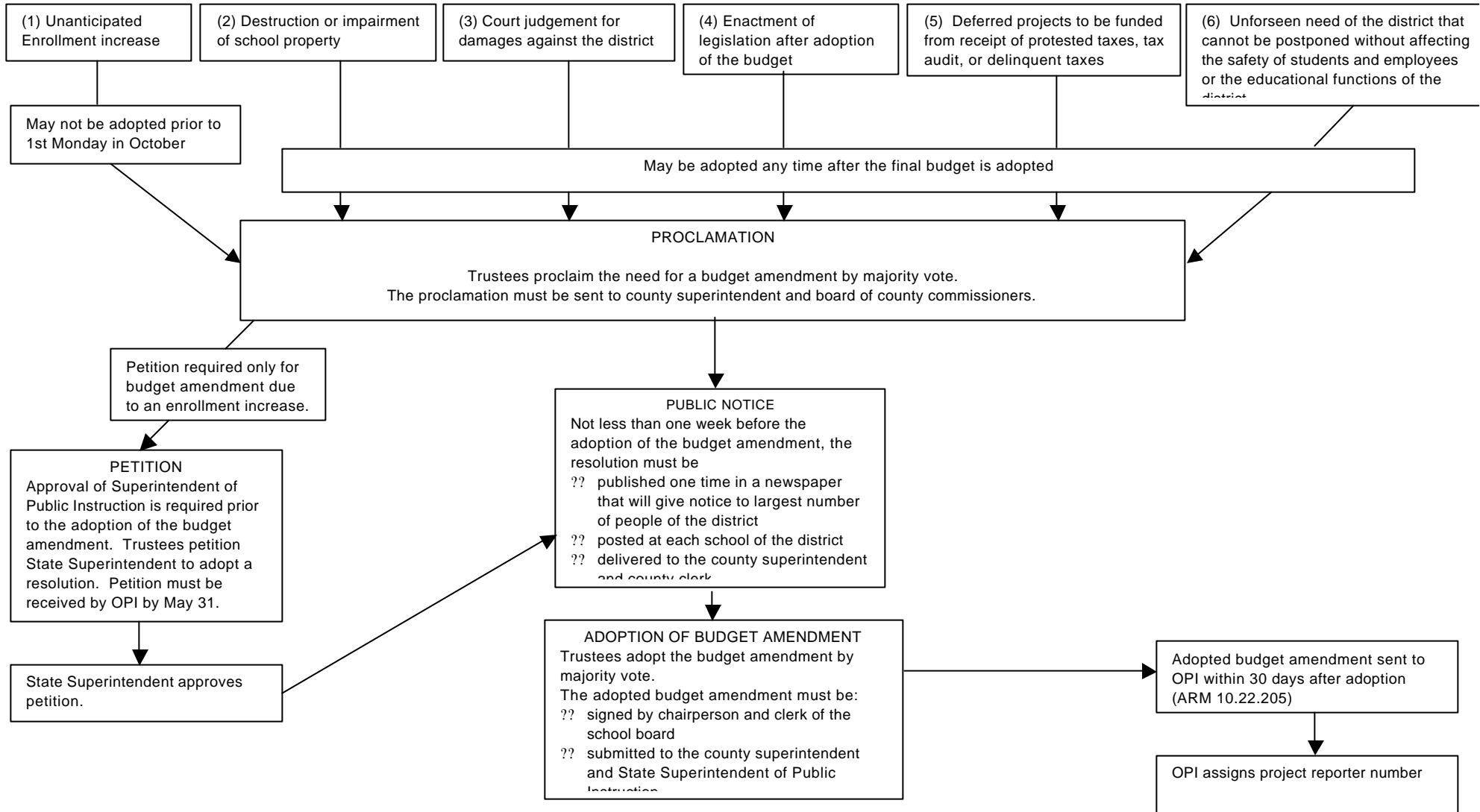
# **BUDGET AMENDMENT PROCEDURES**

**Office of Public Instruction  
Linda McCulloch, State Superintendent**

**September 2001**

# BUDGET AMENDMENT PROCEDURES

## REASONS FOR BUDGET AMENDMENT



For assistance, contact:  
Nancy Hall, Fiscal Officer  
(406) 444-9852  
[nhall@state.mt.us](mailto:nhall@state.mt.us)

Office of Public Instruction  
September 2001

## **I. IMPORTANT DATES**

**After final budget is adopted** - Trustees of district may adopt an amendment other than an amendment for increased enrollment.

**Day After the Fall Enrollment Count (1st Monday in October)** - First day trustees may petition the State Superintendent to adopt a resolution for a budget amendment due to an enrollment increase.

**May 31** - Last day to petition the State Superintendent for permission to proceed with a budget amendment that is due to an enrollment increase.

**June 30** - Last day to adopt an amendment to the current fiscal year's budget.

## II. STATUTORY CRITERIA

A school district may amend a budget for the following reasons (20-9-161, MCA):

- (1) An **increase in enrollment** of an elementary or high school district that is beyond what could reasonably have been anticipated at the time of the adoption of the budget for the current school fiscal year whenever, because of the enrollment increase, the district's budget for any or all of the regularly budgeted funds does not provide sufficient financing to properly maintain and support the district for the entire current school year;
- (2) the **destruction or impairment of any school property necessary to the maintenance of the school**, by fire, flood, storm, riot, insurrection, or act of God, to an extent rendering school property unfit for its present school use;
- (3) a **judgment for damages against the district** issued by a court after the adoption of the budget for the current year;
- (4) an **enactment of legislation after the adoption of the budget for the current year** that imposes an additional financial obligation on the district;
- (5) the receipt of:
  - (a) a **settlement of taxes** protested in a prior school fiscal year;
  - (b) taxes from a prior school fiscal year as the result of a **tax audit** by the department of revenue or its agents;
  - (c) **delinquent taxes** from a prior school year; and
  - (d) a determination by the trustees that it is necessary to expend all or a portion of the taxes received under (5)(a), (5)(b), or (5)(c) for **a project or projects that were deferred** from a previous budget of the district; or
- (6) **any other unforeseen need of the district that cannot be postponed** until the next school year without dire consequences affecting the safety of the students and district employees or the educational functions of the district.

### III. THE PROCLAMATION

Whenever the trustees of a district decide that a budget amendment is necessary,

- ?? they may proclaim the need for the budget amendment by a **majority vote**.
- ?? The proclamation **must include**:
  - 1) the **facts** constituting the need for a budget amendment (indicate which criteria in 20-9-161 justify the budget amendment);
  - 2) the budgeted **fund(s)** affected by the amendment;
  - 3) the estimated **amount** of money required to finance the budget amendment;
  - 4) the anticipated source(s) of **financing**; and
  - 5) the **time and place** the board will meet for the purpose of considering and adopting the budget amendment.
- ?? Copies of the proclamation must be **sent to** the county superintendent and the board of county commissioners (20-9-162).
- ?? DO NOT send a copy of the proclamation to the Office of Public Instruction.
- ?? The trustees may resolve to adopt a budget amendment for reasons (2) through (6) of 20-9-161, MCA **without petitioning** the State Superintendent for approval; however, the board **must petition** the Superintendent for approval to adopt a resolution for an amendment that is due to an increase in enrollment.
- ?? When the budget amendment is the result of increased enrollment, the **maximum amount of the budget amendment** for each fund is determined by multiplying the maximum permissible per-pupil expenditure by the enrollment increase. The maximum per-pupil expenditure is calculated by dividing the final budget for the current school fiscal year of each fund affected by the enrollment increase (less any amounts appropriated as capital outlay and any amount appropriated for addition to the operating reserve) by the prior fiscal year enrollment used for the purpose of calculating the current fiscal year ANB.
- ?? The **maximum amount of the budget amendment** cannot exceed the lesser of the maximum limitation on the budget amendment or the maximum general fund budget recalculated to reflect the approved enrollment increase.
- ?? For budget amendments, other than amendments due to enrollment increases, the amount of the amendment is limited to the expenditures considered by the trustees to be reasonable and necessary to finance the conditions of the budget amendment.

SEE SAMPLE 1 - PROCLAMATION

## IV. THE PETITION

A school board must petition the Superintendent of Public Instruction for approval to adopt a resolution for a budget amendment if the amendment is due to an increase in enrollment.

?? The petition to the State Superintendent **must include** :

- 1) the **facts** constituting the need for the budget amendment;
- 2) the district **fund(s)** affected by the budget amendment;
- 3) the estimated **amount** of money required to fund the budget amendment in each affected fund;
- 4) the anticipated source of **financing** for the budget amendment (i.e., identify, by fund, the revenue source(s) or reserves that will fund the budget amendment);
- 5) the **signatures** of a majority of the trustees of the district;
- 6) current year **enrollment** by budget unit and by grade level (will be obtained by OPI from submitted enrollment reports);
- 7) any amount appropriated as **capital outlay** (700 object series) and any amount appropriated for **addition to the operating reserve** in the fund(s) affected by the budget amendment; and
- 8) any other information that may be requested by the Superintendent of Public Instruction.

?? A budget amendment for an enrollment increase may not be petitioned or adopted until the day after the Fall Enrollment count (first Monday in October).

?? Petitions must be received by the Office of Public Instruction on or before **May 31** of the school year to which the amendment applies.

?? If the petition to proceed with a budget amendment for an enrollment increase is approved by the State Superintendent, the Office of Public Instruction will recalculate the district's **maximum general fund budget** to reflect the approved enrollment increase. A district may not adopt a budget amendment in an amount that will cause the district to exceed its maximum general fund budget as recalculated by OPI.

?? The **maximum amount of the budget amendment** cannot exceed the lesser of the maximum limitation on the budget amendment or the maximum general fund budget recalculated to reflect the approved enrollment increase.

?? If the petition is approved by the Superintendent of Public Instruction, the trustees may **proceed** with the steps required for adoption of a budget amendment.

?? Approval of the petition may not be construed as approval of any subsequent application for **increased state aid** on account of the budget amendment.

*SEE SAMPLE 2 - PETITION*

## V. PUBLIC NOTICE

A copy of the budget amendment proclamation must be:

- 1) **published** one time in a newspaper that will give notice to the largest number of people of the district;
- 2) **posted** at each school of the district; **and**
- 3) **delivered** to the county superintendent and the county clerk.

?? Steps 1 through 3 above must be completed not less than one week before the date specified in the proclamation for consideration and adoption of the amendment (e.g., minimum amount of time required is eight days).

## VI. THE RESOLUTION

The Trustees may resolve to adopt the budget amendment

?? by a **majority vote of the trustees present** at the meeting.

?? The meeting of the trustees to consider and adopt a budget amendment must be **open to the public**. Any taxpayer in the district has the right to appear and be heard.

?? A budget amendment for an enrollment increase may not be petitioned or adopted until after the Fall Enrollment count (first Monday in October) but must be adopted before **June 30** of the school fiscal year.

?? A budget amendment for any reason other than an unanticipated enrollment increase may be adopted any time after the final budget is adopted but must be adopted before **June 30** of the school fiscal year.

?? The budget amendment resolution must **include** the following:

- 1) the **facts** constituting the need for a budget amendment;
- 2) the **fund(s)** affected by the budget amendment;
- 3) the **amount** of the budget amendment;
- 4) the source(s) of **financing**; and

?? The adopted budget amendment resolution **must**:

- 1) **be signed** by the board chairperson and the clerk of the district;
- 2) state the **date** the board adopted the budget amendment;
- 3) be sent to the **county superintendent**; and
- 4) be sent to the **State Superintendent** of Public Instruction.

? ?a copy of each new **transportation contract** or amended bus route form, approved by the county transportation committee and related to an amendment in the transportation fund, must be submitted with the resolution; and

- 5) include the details of the proposed expenditures (20-9-165(3) MCA).

*SEE SAMPLE 3 - RESOLUTION*

## VII. BUDGET AMENDMENT EXPENDITURES

- ?? Expenditures related to the budget amendment must be accounted for separately using a **project reporter number** assigned by OPI upon receipt of the budget amendment resolution.
- ?? Budget amendment expenditures must support the purpose for which the amendment was adopted.
- ?? Whenever it appears that the amount budgeted for a particular **line item** (i.e., program/function/object) is in excess of the amount needed, the trustees may **transfer** the excess to another line item within the same fund. Transfers MAY NOT be made between different funds of the same district, between a district's final budget and a budget amendment, or between budget amendments.

*SEE SAMPLE 3 - BUDGET AMENDMENT RESOLUTION*

## VIII. ADDITIONAL STATE FINANCIAL AID

If a budget amendment is adopted as a result of an unanticipated enrollment increase:

- ?? The district may be eligible for additional state assistance provided the percentage of the enrollment increase over the enrollment of the prior school fiscal year used for the purpose of calculating the ANB for the current school fiscal year is greater than **6%**.
- ?? The only enrollment counts in the current fiscal year that may be used in calculating the increase in enrollment will be the **October enrollment count** as reported to OPI on the Fall Report (FR-4) or the **February enrollment count** reported to OPI on the Spring Enrollment Report.
- ?? Budget amendment petitions received after the February Enrollment count will be based on the Spring Enrollment Report, even if the October enrollment count was higher (ARM 10.22.204 (1)(c))
- ?? The Office of Public Instruction will determine the **maximum allowable increase** in ANB for the purpose of recalculating the BASIC entitlement and total per-ANB entitlement for the current year. The increase in ANB is the difference between the current enrollment and 106% of the enrollment of the prior school fiscal year used for the purpose of calculating the ANB for the current school fiscal year.

## IX. EMERGENCY TAX LEVY

- ?? When a budget amendment is adopted under 20-9-161(2) (i.e., because of "the destruction or impairment of any school property necessary to the maintenance of the school, by fire, flood, storm, riot, insurrection, or any act of God, to an extent rendering school property unfit for its present school use...") and a district does not have sufficient funds, including insurance proceeds and reserves, to finance the amendment, the district may levy a tax in the ensuing school year to fund expenditures authorized by the amendment. The amount may not exceed the unfunded amount of the amendment.



***SAMPLE 1***  
***PROCLAMATION***

**BUDGET AMENDMENT RESOLUTION**  
**SCHOOL DISTRICT**  
**COUNTY**

At a special meeting of the board of trustees of School District No.\_\_\_\_, \_\_\_\_\_ County, Montana, held \_\_\_\_ (date)\_\_\_\_\_, at \_\_\_\_p.m. at the \_\_\_\_ (location)\_\_\_\_\_, the following resolution was introduced:

WHEREAS, the trustees of School District No.\_\_\_\_, \_\_\_\_\_ County, Montana, have made a determination that as a result of an unanticipated increase in enrollment, the district's budget for the \_\_\_\_\_ fund(s) does not provide sufficient financing to properly maintain and support the district for the entire current school year; and

WHEREAS, the trustees have determined that an amendment to the elementary/high school \_\_\_\_\_ fund budget in the amount of \$ \_\_\_\_\_ is necessary under the provision of Section 20-9-161[choose (1) through (6)], MCA; and

WHEREAS, the anticipated source of financing the budget amendment expenditures shall be the \_\_\_\_\_ fund reserve/additional state assistance/other;

THEREFORE BE IT RESOLVED that the Board of Trustees of School District No.\_\_\_\_, \_\_\_\_\_ County, Montana, proclaims a need for an amendment to the elementary/high school \_\_\_\_\_ fund budget for fiscal year \_\_\_\_\_ in the amount of \$ \_\_\_\_\_ under Section 20-9-161 [choose (1) through (6)], MCA, for the purpose identified above, and;

BE IT FURTHER RESOLVED that the Board of Trustees of School District No.\_\_\_\_, \_\_\_\_\_ County, Montana, will meet at \_\_\_\_p.m. at \_\_\_\_ (location)\_\_\_\_\_ on \_\_\_\_ (date)\_\_\_\_\_, for the purpose of considering and adopting the budget amendment.

## SAMPLE 2 PETITION

Ms. Linda McCulloch  
State Superintendent  
Office of Public Instruction  
P.O. Box 202501  
Helena, MT 59620-2501

Dear Ms. McCulloch:

RE: Petition for Permission to Adopt a Resolution for a Budget Amendment

In accordance with Section 20-9-163, MCA, the board of Trustees of \_\_\_\_\_ Elementary/High School District No. \_\_\_\_\_, \_\_\_\_\_ County, hereby petition for permission to adopt a resolution for a budget amendment under the provisions of Section 20-9-161(1), MCA.

As a result of an unanticipated increase in enrollment, the district's budget for the \_\_\_\_\_ fund(s) does not provide sufficient financing to properly maintain and support the district for the entire current school year. Therefore, the trustees have proclaimed a need for a budget amendment.

The district's current year enrollment count is on file with the Office of Public Instruction and was completed in accordance with the provisions of Section 20-9-311, MCA, and A.R.M. 10.20.102.

The budget amendment in the amount of \$\_\_\_\_\_ will affect the elementary/high school \_\_\_\_\_ fund budget for fiscal year \_\_\_\_\_. The anticipated source of financing that will be utilized to fund the budget amendment is the \_\_\_\_\_ fund reserve/additional state assistance/other (list only the applicable sources).

Pursuant to A.R.M. 10.22.204(1)(a), the following amounts were appropriated within the final budgets of each fund affected by the enrollment increase:

	<b>General Fund</b>	<b>Transportation Fund</b>	<b>_____ Fund</b>
<b>capital outlay (700 object series)</b>	\$ _____	\$ _____	\$ _____
<b>addition to operating reserve</b>	\$ _____	\$ _____	\$ _____

Sincerely,

The \_\_\_\_\_ (indicate #) members of the Board of Trustees of \_\_\_\_\_ Elementary/High School

District No. \_\_\_\_\_:

\_\_\_\_\_  
Print Chairperson's Name

\_\_\_\_\_  
Signature of Chairperson

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Trustee's Name

\_\_\_\_\_  
Signature of Trustee

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Trustee's Name

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Signature of Trustee

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Date

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Print Trustee's Name

\_\_\_\_\_  
Signature of Trustee

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Trustee's Name

\_\_\_\_\_  
Signature of Trustee

\_\_\_\_\_  
Date

**SAMPLE 3  
RESOLUTION**

**BUDGET AMENDMENT RESOLUTION  
SCHOOL DISTRICT  
COUNTY**

At a special meeting of the board of trustees of School District No.\_\_\_\_, \_\_\_\_\_ County, Montana, held \_\_\_\_\_ (date)\_\_\_\_\_, at \_\_\_\_\_ p.m. at the \_\_\_\_\_ (location)\_\_\_\_\_, the following resolution was introduced:

WHEREAS, the trustees of School District No.\_\_\_\_, \_\_\_\_\_ County, Montana, have made a determination that as a result of an unanticipated increase in enrollment, the district's budget for the \_\_\_\_\_ fund(s) does not provide sufficient financing to properly maintain and support the district for the entire current school year; and

WHEREAS, the trustees have determined that an amendment to the elementary/high school \_\_\_\_\_ fund budget in the amount of \$\_\_\_\_\_ is necessary under the provision of Section 20-9-161[choose (1) through (6)], MCA; and

WHEREAS, the anticipated source of financing the budget amendment expenditures shall be the \_\_\_\_\_ fund reserve/additional state assistance/other;

THEREFORE BE IT RESOLVED that the Board of Trustees of School District No.\_\_\_\_, \_\_\_\_\_ County, Montana, proclaims a need for an amendment to the elementary/high school \_\_\_\_\_ fund budget for fiscal year \_\_\_\_\_ in the amount of \$\_\_\_\_\_ under Section 20-9-161 [choose (1) through (6)], MCA, for the purpose identified above, and;

BE IT FURTHER RESOLVED that the Board of Trustees of School District No.\_\_\_\_, \_\_\_\_\_ County, Montana, will meet at \_\_\_\_\_ p.m. at \_\_\_\_\_ (location)\_\_\_\_\_ on \_\_\_\_\_ (date)\_\_\_\_\_, for the purpose of considering and adopting the budget amendment.

\_\_\_\_\_  
Print Chairperson's Name

\_\_\_\_\_  
Signature of Chairperson

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print District Clerk's Name

\_\_\_\_\_  
Signature of District Clerk

\_\_\_\_\_  
Date

DATE BUDGET AMENDMENT WAS ADOPTED: \_\_\_\_\_, 20\_\_\_\_

List budget amendment expenditure line items and amounts:

\_\_\_\_\_  
\_\_\_\_\_